

**EXHIBIT A****COMPARISON BETWEEN TRADITIONAL 7(A) AND PPP LOANS**

#	Requirement	Section 7(a) Program	Paycheck Protection Program
<b>R1</b>	<b>Maximum loan amount?</b>	\$5 million. <sup>1</sup>	\$10 million. <sup>2</sup>
<b>R2</b>	<b>Maximum SBA guarantee?</b>	85% of the loan amount for loans up to \$150,000.  75% of the loan amount for loans over \$150,000 up maximum of \$3.75 million <sup>3</sup>	100% <sup>4</sup>
<b>R3</b>	<b>Interest rate on loan?</b>	5.0%–8.0% + prime <sup>5</sup>	1% <sup>6</sup>
<b>R4</b>	<b>Upfront guarantee fee paid to SBA?</b>	Yes. Upfront guarantee fee paid by the Lender to the SBA of	No <sup>8</sup>

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<sup>1</sup> See 15 U.S.C. § 636(a)(3)(A); 13 CFR § 120.151.

<sup>2</sup> See 15 U.S.C. § 636(a)(36)(E)(ii).

<sup>3</sup> 13 C.F.R. § 120.210 and 13 C.F.R. § 120.151.

<sup>4</sup> 85 Fed. Reg. 20811, 20812.

<sup>5</sup> Small Business Administration, “Terms, conditions, and eligibility,” *available at* <https://www.sba.gov/partners/lenders/7a-loan-program/terms-conditions-eligibility#sectionheader-5>.

<sup>6</sup> U.S. Treasury, Paycheck Protection Program (PPP) Fact Sheet, *available at* <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>.

<sup>8</sup> 15 U.S.C. § 636(a)(36)(H)(ii); 85 Fed. Reg. 20811, 20816.

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		0.25%–3.75%. The fee may be passed onto the borrower. <sup>7</sup>	
<b>R5</b>	<b>Annual guarantee fee to SBA?</b>	Lender pays the SBA 0.55% of the outstanding guaranteed balance annually. May not be passed on to borrower. <sup>9</sup>	No. <sup>10</sup>
<b>R6</b>	<b>Lender fees paid for processing loan?</b>	No. The SBA does not pay lender processing fees.	Yes. 1% to 5% of loan amount, approximately 20% of which are for the benefit of the Agent. <sup>11</sup>
<b>R7</b>	<b>Agent fees paid out of lender processing fees?</b>	No. Lender processing fees do not exist.	Yes. The Agent Fee of 0.25%–1% of loan amount is included in the Lender Fee for the benefit of the Agent. <sup>12</sup>
<b>R8</b>	<b>Can agent charge fees to</b>	Yes. <sup>13</sup> Must use Form 159. <sup>14</sup>	No. “Agents may not collect fees

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<sup>7</sup> 15 U.S.C. § 636(a)(18)(A); 13 CFR § 120.220(a)(1).

<sup>9</sup> 15 U.S.C. § 636(a)(23)(A)-(B).

<sup>10</sup> 15 U.S.C. § 636(a)(36)(H)(i); 85 Fed. Reg. 20811, 20816.

<sup>11</sup> 15 U.S.C. § 636(a)(36)(P)(i); 85 Fed. Reg. 20811, 20816.

<sup>12</sup> 85 Fed. Reg. 20811, 20816.

<sup>13</sup> 13 C.F.R. § 103.5.

<sup>14</sup> “SBA provides the form of compensation agreement.” 13 C.F.R. § 103.5. The SBA’s suggested form of agreement is SBA Form 159. SBA Form 159, Fee Disclosure and Compensation Agreement, available at <https://www.sba.gov/sites/default/files/2018-09/Form%20159%20-%20%28FINAL%29%209.10.18.pdf> (last accessed Oct. 23, 2020).

#	Requirement	Section 7(a) Program	Paycheck Protection Program
	<b>borrower?</b>	“[Form 159] must be completed and signed by the SBA Lender and the Applicant <i>whenever an Agent is paid by either the Applicant or the SBA Lender in connection with the SBA loan application. Each Agent paid by the Applicant to assist it in connection with its application must also complete and sign the form.</i> When an Agent is paid by the SBA Lender, the SBA Lender must complete this form and the SBA Lender and Applicant must both sign the form.” <sup>15</sup>	from the borrower or be paid out of the PPP loan proceeds.” <sup>16</sup>
<b>R9</b>	<b>Contingent agent fees allowed?</b>	No. “The SBA does not allow contingency fees (fees paid only if the loan is approved) or charges for services which are not reasonably necessary in connection with an	Yes. The Agent Fee is contingent on the loan being funded. <sup>18</sup>

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<sup>15</sup> *Id.* (emphasis added).

<sup>16</sup> 85 Fed. Reg. 20811, 20816.

<sup>18</sup> 15 U.S.C. § 636(a)(36)(P)(i); *see also* 85 Fed. Reg. 20811, 20816 (“[a]gent fees will be paid by the lender out of the fees the lender receives from the SBA.”)

#	Requirement	Section 7(a) Program	Paycheck Protection Program
		application.” Form 159. <sup>17</sup>	
<b>R10</b>	<b>Borrower collateral required?</b>	Yes—to the maximum extent possible for loans over \$25,000 <sup>19</sup>	No. <sup>20</sup>
<b>R11</b>	<b>Is loan forgivable?</b>	No.	Yes. 100% forgivable. <sup>21</sup>
<b>R12</b>	<b>Borrowers unable to obtain credit elsewhere?</b>	Borrower must show they are unable to obtain credit elsewhere to qualify. <sup>22</sup>	No. <sup>23</sup>
<b>R13</b>	<b>Personal guarantee required?</b>	Yes. <sup>24</sup>	No. <sup>25</sup>
<b>R14</b>	<b>Business qualifications?</b>	Must qualify as a “small business concern” under SBA size and revenue	All businesses, sole proprietorships, independent contractors with 500 or

<sup>17</sup> SBA Form 159, Fee Disclosure and Compensation Agreement, available at <https://www.sba.gov/sites/default/files/2018-09/Form%20159%20-%20%28FINAL%29%209.10.18.pdf> (last accessed Oct. 23, 2020).

<sup>19</sup> SOP 50 10 5(B), Lender and Development Company Loan Programs, Page 181

<sup>20</sup> 15 U.S.C. § 636(a)(36)(J)(ii); 85 Fed. Reg. 20811, 20816.

<sup>21</sup> 85 Fed. Reg. 20811, 20816.

<sup>22</sup> 15 U.S.C. § 636(a)(1)(A).

<sup>23</sup> 15 U.S.C. § 636(a)(36)(I).

<sup>24</sup> 15 U.S.C. § 636(a)(36)(J)(ii)

<sup>25</sup> 15 U.S.C. § 636(a)(36)(J)(ii)

#	Requirement	Section 7(a) Program	Paycheck Protection Program
		standards. <sup>26</sup>	fewer employees qualify. <sup>27</sup>

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<sup>26</sup> 15 U.S.C. § 636(a); 15 U.S. C. § 632.

<sup>27</sup> 15 U.S.C. § 636(a)(36)(D).